



# COMMISSION NEWS

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TO: EDITORS, NEWS DIRECTORS  
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## PEORIA MAN SENTENCED TO 9 YEARS FOR SECURITIES FRAUD

James Ashpole, 59, of Peoria, Arizona, was sentenced Thursday in Superior Court to 9 years in prison after convictions on 39 counts of fraud schemes, theft, sale of unregistered securities and conducting an illegal enterprise. The convictions stem from Ashpole's sales of stock in his company, Black Diamond Mining Corporation. The Attorney General's office, in conjunction with the Arizona Corporation Commission, prosecuted the case. Commission Chairman, Jim Irvin, applauded the sentence as "upholding the Commission's strong stand against those who would commit securities fraud in Arizona".

Ashpole told at least 35 investors that Black Diamond would be listed on the NASDAQ stock exchange within a few months, as the company owned a gold mine east of Prescott worth over \$250,000,000. The state produced evidence that Black Diamond had lost money in 1996 in a failed attempt to work the mine, with assays showing no viable precious metals. After the failure, Ashpole began his stock sales through a telemarketing office in north Phoenix.

Investors lost over \$150,000 before the Arizona Corporation Commission shut down the boiler-room in September 1997 after a few months of operation. However, Ashpole moved his operations, continuing to telemarket stock from Texas and Florida. The Arizona state grand jury indicted him in February 1998. While out on bond following the indictment, Ashpole was arrested in September 1998 for making more stock sales back in Arizona. Since that time, Ashpole was jailed until his March 1999 trial, where jurors convicted him on all counts.

At trial the state produced evidence that Black Diamond did not qualify to be listed on NASDAQ, nor did Black Diamond own full rights to the mining property. Investors had not been told about Black Diamond's earlier failure to produce any economically viable quantities of gold. A state's accountant testified that Ashpole used most of the investor money for personal expenses, and to operate the boiler-room in north Phoenix to sell the stock.

The nine-year sentence imposed by judge David Cole will be followed by seven years probation along with 150 hours of community service.

Commissioner Tony West said, "This sentence is the kind of response necessary for a con artist who ignored the clear order of the Commission to cease and desist his activities, and went on to commit further crimes. Arizona will continue to protect its reputation as a good place to invest in business, by sending out a strong message to those criminals who would exploit its resources and its citizens."